



New York State Public Employee Conference

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Teleconference with New York State Comptroller

May 6, 2020

NYSPEC Chairman Peter D. Meringolo presents Thomas DiNapoli, NYS Comptroller, Colleen C. Gardner, Executive Deputy Comptroller for the Retirement System, and Kathy McCormack, Labor Liaison, with NYSPEC Directors and Legislative Directors

Call Length: Approximately 90 minutes

Compiled by Elyse Eversman-Amar

Founder & CEO, Fuse Systems LLC

Summary:

New York State has come a long way from the end of the New York State's 2020 Fiscal Year on March 31, 2020. Although the statistics show decreasing numbers of hospitalizations and a flattening of the curve related to the COVID19 pandemic, Comptroller DiNapoli insists that we are not out of the woods from a public health or economic perspective.

The comptroller and his associates addressed NYSPEC members with regard to how COVID19 has affected the NYS pension fund/retirement system, the state budget, and our economy. They opened the call with a message of thanks to all public employees for their important roles during this pandemic.

Highlights begin on Page 2.



2020 Member Units

Amalgamated Transit Union Local 726
Amalgamated Transit Union Local 1056
Arlington Professional Firefighters Local 2393
Association of Supreme Court Reporters
Bridge & Tunnel Officers Benevolent Association
Bridge & Tunnel Superior Officers
Benevolent Association
Captains Endowment Association
Citywide Association of Law Assistants
Civil Service Coalition of
Building Trades and Municipal Unions
Correction Captains Association
Correction Officers Benevolent Association
Court Attorneys Association of the City Of New York
Court Officers Benevolent Association of
Nassau County
CWA AFL-CIO
CWA Local 1180
CWA Local 1182
Detectives Endowment Association
Detective Investigators Association
East Hampton Village PBA
I B E W Local 3
I B T Local 237
I U O E Local 15A-B-C-D
I U O E Local 30
I U O E Local 211
I U O E Local 891
Lieutenants Benevolent Association
Local 372, DC 37
Local 983, DC 37
Long Island Public Service Employees Local 342
MTA Commanding Officers Association
MTA PBA
Nassau County Deputy Sheriff's
Benevolent Association
Nassau County Detectives Association Inc.
Nassau County Fire Marshal Benevolent Association
Nassau County PBA
Nassau County Police Conference
Nassau County Sheriff's COBA
Nassau County Superior Officers Association
New York District Council of Carpenters
NYC Deputy Sheriff's Association
NYS Correctional Officers & PBA
NYS Court Clerks Association
NYS Court Officers Association
NYS Nurses Association
NYS Police Investigators Association
NYS Professional Fire Fighters Association
NYS Public Employees Federation, AFL-CIO
NYS Troopers PBA
NYS Supreme Court Officers
PBA of New York State Law Enforcement
Police Conference of New York
Port Authority Maintenance Supervisors Association
Port Authority PBA
Port Authority Police Detectives
Endowment Association
S E I U Local 246
S E I U Local 300
Sanitation Officers' Association
Sergeants Benevolent Association
Social Services Employees Union Local 371
Southampton Town PBA
Subway Surface Supervisors Association
Suffolk County Association of Municipal Employees
Suffolk County Correction Officers Association
Suffolk County Court Employees Association
Suffolk County Deputy Sheriffs PBA
Suffolk County PBA
Suffolk County Police Superior Officers Association
Suffolk County Probation Officers Association
Suffolk Detectives Association
TWU Local 100
Uniformed EMS Officers Union
Uniform EMTs and Paramedics Local 2507
Uniformed Fire Alarm Dispatchers
Benevolent Association
Uniformed Firefighters Association
Uniformed Fire Officers Association
Uniformed Sanitationmen's Association
United Public Service Employees Association
United Service Workers Union Local 74
United Transit Leadership Organization
Westchester County Correction Officers Association
Yonkers Fire Fighters Local 628
Yonkers Uniformed Fire Officers Association

Highlights:

I. Economy

- As Governor Cuomo has mentioned, reopening the economy will happen in phases. The process of phases will happen in a sector and region approach. Upstate NY will open before Downstate NY, as those areas' were most affected by Covid-19.
- Although we started out the year with the market doing well with a 4.6% increase at the beginning of March 2020, in the last two weeks of March New York City we saw a 12% drop in sales tax revenue, with an immediate drop in Long Island and Westchester, as well.
- New York will suffer a \$13.3 billion revenue shortfall from the original forecast due to the coronavirus.
- Between 3/25 and 4/6, more than 1.6 million New Yorkers filed for unemployment.
- The federal government provided \$5.1 billion in response to Covid-19, which does not come with spending flexibility. The state estimates borrowing \$4.5 billion against its income tax revenues.
- On May 15th the governor will have the opportunity to propose the first round of budget cuts under the state budget. It is estimated that preliminary cuts to the budgetary spending will be about \$1.6 billion to state agencies and \$2.4 billion in local assistance.
- DiNapoli called for:
 - More local assistance
 - More assistance from Washington
 - Congressional Representatives need to be reminded how important more aid is.

II. Pension Fund

- DiNapoli strongly urged how well-funded our pension plans are. Says it is one of the best-funded State pension plans of any state in the country.
- And that although in the beginning of March they had double-digit positive returns, which is not the case right now, this change is caused by Covid-19 and not mismanagement.
- During the crash 10 years ago we lost a 26% value in one year – we are now nowhere near that. (Updated Numbers will soon be provided)
- March 31, 2021, is the next audited number that matters, as it will determine if this is a one-year hit to the markets or a multi-year hit. This is why getting the economy going again and having businesses running and employing people again is so important.

- The bottom-line for union members to understand is although the pension system is in a position of strain, NYS has a clear concern for the pensions and NYS will fulfill its commitments. There is plenty of liquidity and there are no issues paying the pensions immediately and the focus of concern is not now but in 25-30 years.
- There is a 5-year averaging of investment return and although we are experiencing one year of loss, the first four years were good.
- Anticipates they will have to raise the contribution rate for government employers– how much is not determined yet. But they will do whatever they have to do to keep the pension fund strong. If they have the fiscal discipline and have to raise the rates for a short-term that will eventually get the fund to the position of strength to start cutting the rates again.
- The 15-day waiting period for ERS (not P&F) retirement filing has been waived by gubernatorial order and it is also going to be retroactive.
- Encouraging people to apply for retirement online via their retirement online account and pick a future retirement date. They are allowing the change of the retirement date to be changed up until the date of retirement. Once the date of retirement passes then they will not be able to change it again. *Important Note:* Any paper retirement application will have to be notarized.
- If someone wants to apply to provide for a beneficiary, they are urged to file an option election form. Otherwise, it will automatically go to a single-life option *which means the benefit stops at death* if this is not filled out.
- If affected by Covid-19 there is now the option to file for Disability/Retirement via the application on the website. This is a paper form. It varies if the member or employer can file, depending if the member is incapacitated. There are also options for a Power of Attorney on the website.
- Urges the unions to provide members the following forms:
 - Service Retirement Applications
 - Option Election Form
 - Disability applications
- There is a call center from 7:30 am – 4:30 pm if members have difficulty signing up.

III. Retirement Benefits

- Currently paying out \$1 billion a month in retirement benefits, equaling \$12 billion a year.
 - There were \$386 million in member contributions in 2019 which annually doesn't pay 1/3 of what the State pays out in a month.
 - The State government employees pays about \$1.8 billion.
 - Local government partners pay about \$3 billion.
 - Balance comes from investments

IV. Investments

- The State invests money in the Common Retirement Fund, CRF.
- The State has a diversified portfolio that consists of fixed income, stock investment, private equity, infrastructure, real estate, hedge funds.
- Since 1987, they have had an investment relationship with an organization called Pursuit Lending, formally known as New York Business Development Corporation. They make loans to small businesses.
- Existing investment is a \$100 million investment.
 - Used money already allocated to this investor to help small businesses by taking advantage of the pluses of the federal response to Covid-19 with some of their capital. They still get the same safe return, which is a fixed-income like return.
- There is no risk to the pension fund in terms of investment.
- 100% of it will come back to the pension fund, plus a premium, *guaranteed by the federal government*.

V. Questions answered regarding the Small Business Loan and Pension Fund

- Under federal law, a state cannot go bankrupt. This is not a concern. What is more possible is a locality filing for bankruptcy.
- The governor has no authority to override the State pension fund *because pensions are constitutionally guaranteed*.

VI. Fossil Fuel Divestment Act

- Legislation introduced by Senator Liz Krueger (S2126-A) and Assemblyman Felix Ortiz (A1536-A) which would require the State Comptroller to divest the Common Retirement Fund (CRF) from fossil fuel holdings.
- Governor already recommended not divesting but to take other measures to reduce our risk due to climate change.
 - Currently looking to invest proactively in emerging sustainable investments.
 - Looking closely at coal investments that are particularly risky.

The main concern is doing this in a methodical way to not harm the funds.

- It would be disruptive to remove investments the way the bill is proposing, especially disrupting the current strategy of index investing.
- The State Legislator should not be determining where to invest pension funds money.
- DiNapoli is worried because a large number of legislators have jumped on the bill. Many legislators are getting on the bill to avoid badgering from the people on the advocate side.

- No other State pension fund is doing this.
- DiNapoli urges the members to contact leadership, the Speaker, and the Majority Leader and fight for the independence of the pension fund from potential control by the political judgements of the state legislature.
- Especially contact the members who are already on the bill, who are pro-labor.

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